

29th meeting

Tuesday, 8 July 1980, at 10.50 a.m.

President: Mr. Andreas V. MAVROMMATIS (Cyprus).

E/1980/SR.29

AGENDA ITEM 2

Adoption of the agenda and other organizational matters (*continued*)* (E/1980/86, E/1980/88)

1. The PRESIDENT drew the Council's attention to the report of the Committee on Non-governmental Organizations on applications for hearings by non-governmental organizations (E/1980/88). In the absence of any objection, he would take it that the Council agreed to the requests contained in the report.

It was so decided.

2. The PRESIDENT drew the Council's attention to a note by the Bureau (E/1980/86) concerning an application received from the African Regional Centre for Technology to participate on a continuing basis in the deliberations of the Council on matters within the scope of the Centre's activities. If there was no objection, he would take it that the Council agreed to that request.

It was so decided (decision 1980/151).

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

3. Mr. McHENRY (United States of America) observed that, following 30 years of stable expansion, the world economy had been disrupted by recession, chronic inflation and increased energy prices. The solution to the economic problems which were increasingly becoming world-wide depended on international co-operation. It was in that spirit of co-operation that the United States of America had participated actively in two major international initiatives: global negotiations and the formulation of a new international development strategy. As far as the global negotiations were concerned, many procedural issues, including the form of a final agreement, the nature of the political commitment to be made and the role of the specialized agencies in the negotiations and in implementing their results, remained to be solved. The agenda of the eleventh special session of the General Assembly which was to launch the global negotiations must take account of the particular problems of developing countries and the global nature of world economic problems.

4. One of the impediments to development was the world energy situation, which should be a priority subject for international action in the coming decade. The OPEC countries had acknowledged their responsibility in that respect by deciding to increase the capital of the OPEC Special Fund and to recommend the Fund's transformation into an international development agency. The underlying problem, however, was the need to establish reasonable and predictable energy prices and to ensure reliable supplies. That was of vital importance not only for the developed

countries but also for the developing countries, whose economic development was closely linked to that of the industrialized countries.

5. Other urgent economic problems, such as recycling and food security, called for immediate and effective action. The United States had proposed an action programme consistent with existing needs and short-term possibilities, together with an agenda covering the main world economic problems. It had noted with interest the Secretary-General's proposal for urgent action to meet the problems of the low-income, oil-importing developing countries.

6. The United States viewed the new international development strategy, which had to deal with a most complex and urgent set of economic and social problems, as a conceptual framework for guiding and accelerating the economic and social development of the developing countries. The strategy should therefore contribute to the solution of international economic problems, encourage sustained global development, promote a new and effective international economic order in which the developing countries were full participants, foster non-inflationary growth, stimulate trade and investment and promote the transfer of resources to the developing countries, whose development would also depend on the measures they themselves took to overcome their economic problems. In order to remain effective throughout the decade, the strategy must incorporate an effective review mechanism providing, in particular, for a periodic review of individual country performance in relation to the goals and objectives of the strategy. In order to bring the global negotiations and the international development strategy negotiations to a successful conclusion, countries would have to show ingenuity in finding solutions to meet both the problems of the world economy and national concerns, to show realism in their criticism of the present system, and to show the political will to find means of bringing about global economic reform in the years ahead.

7. The problem of refugees and displaced persons had recently grown to alarming proportions. Within 12 months, the total number of refugees had increased from 4.5 million to 6.5 million and that of displaced persons from 2 million to 2.5 million, and that exodus was likely to continue, since it was rooted in extremely complex problems — war, ethnic, religious and political persecution, and the lack of economic opportunity — which mankind had not succeeded in solving. The international community must face up to that humanitarian crisis and consider the organization of relief. The absorption of refugees and displaced persons posed serious problems even for a country as rich and hospitable as the United States. Since 1975, the United States had accepted over 600,000 refugees for permanent resettlement. For the 1980 fiscal year alone, it would legally admit over 250,000 refugees, including 150,000 Cubans and Haitians. Hundreds of thousands of other persons would enter the United States through legal or illegal immigration. Thousands more would seek unsuccessfully to emigrate. During the current fiscal year, the United States would spend \$1.3 billion on the resettlement of refugees in the United States and \$400 million on the resettlement of

* Resumed from the 26th meeting.

Cubans and Haitians. An additional \$400 million would be donated to refugee resettlement programmes abroad. The influx of Cuban refugees into the United States had dramatically highlighted the magnitude of the problem. Americans found it difficult to accept that the Government of Cuba or any other country had the right to create such a tragedy for purely political purposes and leave it to others to find a solution. The international community should seek a proper and effective solution to the problem. The principles involved — that every country should respect the immigration laws of other nations, that no country had the right to export its criminals and undesirables to another country and that nations had an obligation to accept the return of their citizens — had been recognized and accepted. Basing itself on those principles, the United States Government had offered to negotiate appropriate departure arrangements for the refugees with the Government of Cuba, and it hoped that that Government would respond favourably to its proposals.

8. The refugee problem was also acute in Africa, where it had too often gone unnoticed. For the current fiscal year, the United States would contribute \$100 million to African refugee relief programmes, but sustained and generous assistance from the international community was essential if the African countries were to cope with the situation.

9. The international relief agencies and voluntary organizations were equally overwhelmed by a problem that had grown too large and too complicated to be solved on an *ad hoc* basis. Two measures at least were needed: co-ordination of world-wide relief, preferably under United Nations auspices, and a change in the attitude of countries which refused to receive refugees and were opposed to immigration.

10. The proliferation of United Nations humanitarian relief organizations caused confusion and overlapping in many programmes, and the presence of hundreds of private groups, together with direct assistance from Governments, further aggravated the problem. It had to be recognized that many refugees and displaced persons would never return home, and resettlement had therefore become a matter of high priority in humanitarian efforts. The world community must share more equally the burden of receiving those who were unable to return home. Too often refugees crowded into a few countries or even into a few regions within countries, where they could not be absorbed. The few countries which currently admitted a significant number of refugees on a permanent basis were rapidly reaching the limit of their capacity. Other countries must agree to receive and assist refugees. The international community should begin by re-examining the international conventions governing humanitarian and refugee questions. It might also seek new ways of encouraging the rehabilitation of ex-refugees once the root cause of their displacement had been eliminated. The refugee problem was an international problem affecting all countries, and all countries must assume their humanitarian responsibilities.

11. The Economic and Social Council and Member States might also consider bringing the problems of co-ordination of world-wide humanitarian relief and refugee resettlement to the attention of the General Assembly at its thirty-fifth session. Such action should help to arouse world consciousness of the tragic plight of the human beings who comprised the various refugee and displaced populations. Through a vigorous exchange of ideas, the international community had, over the years, succeeded in solving many humanitarian problems. It should attack the refugee problem with the same diligence.

12. Mr. HOLLAI (Hungary) said that the socialist countries were hoping that the forthcoming special session of the General Assembly would produce results which would

promote the development of international economic relations on an equal footing for all countries, and that the emerging new international economic system would truly reflect the interests of all. The Economic and Social Council, at its current session, would have to adopt such resolutions as would be likely to contribute to the success of that special session. The task would not be easy, for there had been scarcely any improvement in the world economic situation since the Council's preceding session; production, markets, employment and the financial and monetary system were still undergoing a crisis, while the major capitalist countries were striving to shift their problems on to other countries. International economic relations had also deteriorated, for various reasons. Thus, the recent decision of NATO countries on the deployment of nuclear missiles of a new type in Western Europe encouraged an arms build-up, and jeopardized détente. In the economic field, the developed capitalist countries were intensifying protectionist and discriminatory measures, and for many countries the terms of trade were continuing to deteriorate. The crisis in the capitalist countries was also having an adverse effect on East-West relations. Consequently, the rather negative picture of general economic performance presented in the *World Economic Survey, 1979-1980* was not surprising.

13. His own country's economy, which was heavily geared to foreign trade, had also continued to suffer from the adverse effects of the international crisis. As a result of the deterioration in its terms of trade, it had lost 1 to 1.5 per cent of its national income for 1979. Thanks to close co-operation with its partners in CMEA, the efforts of the Hungarian workers, and Government measures, Hungary had managed to maintain its standard of living, increase productivity and intensify its participation in international trade, but it must be acknowledged that in some respects the results achieved fell short of the original targets set in the national development plan.

14. That was the background against which the United Nations General Assembly, at its eleventh special session, would be called upon to adopt a new international development strategy, for which, he noted, the Preparatory Committee for the New International Development Strategy had failed to produce a text that could be adopted without difficulty. His delegation maintained that the new strategy should promote the fullest restructuring of international economic relations on a democratic and just basis, priority being given to improving the situation of developing countries. It was essential for the new strategy to be based on the principles set forth in the Charter of Economic Rights and Duties of States¹ and on the provisions of the Declaration and the Programme of Action on the Establishment of a New International Economic Order.² Lastly, the new strategy should not be confined to the transfer of real resources; it must also respond to the need to promote internal socio-economic reforms.

15. The socialist countries had in principle supported the proposal of the developing countries for the holding of global negotiations, provided, however, that the content and orientation of such negotiations were in keeping with the constructive provisions of the Declaration on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States. Their participation in the global negotiations would be decided on in the light of the concrete resolution on the agenda item and its nature, and in the light of the rules of procedure applying to the negotiations.

¹ General Assembly resolution 3281 (XXIX).

² General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

16. It should not be forgotten that preparations for the special session of the General Assembly were the responsibility not only of the Preparatory Committee and the Committee of the Whole Established under General Assembly Resolution 32/174, but also, directly or indirectly, of virtually all the organs of the United Nations system with competence in the economic field.

17. His delegation, which attached great importance to close co-ordination within the United Nations system, and to ensuring that available resources were used to the best possible effect, was following the activities of those bodies closely. That was why his country's representative had paid particular attention to the work of the Third General Conference of UNIDO. At that Conference, the socialist countries, in a joint statement, had expressed their ideas on the industrialization of developing countries, based on concrete experience such as that of his own country, where industrialization had been rapid and had helped to eliminate social inequalities. Some of those ideas were contained in the Declaration and Plan of Action adopted by the Conference³ and, while not subscribing to all the ideas in that text, his country had found it possible to go along with the proposal of the developing countries. That did not, however, mean any change in its position, which was strengthened by the facts submitted to the Conference, in particular, the fact that in 1977 the amount of official development assistance provided by the countries members of DAC had totalled \$14.7 billion, while those countries' profits from direct capital investments alone had amounted to \$12.6 billion, not to mention interest on private credits, or the gains derived by developed market-economy countries from unequal terms of trade, the brain drain, etc.

18. His country also attached great importance to the activities of UNCTAD. In particular, UNCTAD should adopt a global approach to certain pressing problems of the world economy, such as protectionism and inflation.

19. In conclusion, he associated himself with those who objected to the presence in the seat of Democratic Kampuchea of a delegation which did not represent anybody.

20. Mr. MULAISHO (Zambia) said that countries today, ranged against a determined enemy called "the economic crisis", were all demoralized in varying degrees. The time had come for the inaction of the 1970s to be brought to an end and for the world to address itself firmly, by joint concerted action, to the task of establishing the new international economic order.

21. The sluggish growth rates of the industrialized countries remained a source of concern to all. For example, in the case of his own country, whose welfare depended on the situation of the copper market, the fortunes of the developed world were directly bound up with those of the third world. However, remedies that focused exclusively on the industrialized countries could have only limited effect. The situation of non-oil-exporting developing countries was also a vital part of the equation whose importance did not yet appear to have been appreciated.

22. Today, 450 million people were suffering from poverty, hunger and malnutrition. They were abjectly poor, due to lack of the material or human resources to improve their lot. There was no other explanation. The developed industrialized countries might not have those resources, either, but that did not prevent them from spending \$450 billion on armaments. It was difficult to convince starving nations that the rich countries did not have any resources to increase their official development assistance, currently representing 0.35 per cent of their GNP, to 0.7 per cent, or even to 1 per

cent by 1985, as advocated by the Brandt Commission. Rather than means, was it not the political will which was lacking in their case? It was too often forgotten that the reason why some countries today were rich was that the entire world had supplied them with cheap raw materials which had made their industrial revolution possible. If a price tag were to be put on the third world's contribution to the development of the rich countries, it would surely represent percentages very close to the GNP of those countries. He was not suggesting that the rich countries should help the poor countries for the sake of redressing old injustices, but because it was in their interest to activate poor economies, create export markets for their products and help to initiate a growth which would be self-sustaining and make those poor countries more equal trading partners.

23. The *IMF Annual Report, 1979* revealed the enormous and mounting deficit in the current account of industrialized countries, due to increases in oil prices. To remedy that situation, it was not enough to apply more effective energy policies, to step up oil prospecting and the search for alternative solutions. It was also necessary to activate the enormous latent purchasing power of the third world. Nor did the anti-inflationary measures taken by industrialized countries, which were reflected in a reversal of the philosophy of aid, ensure growth, but rather continued global stagnation. There was an undeniable relationship between economic activity in the industrialized world and development in developing countries, since the latter's exports were heavily conditioned by demand in the major industrialized countries. Efforts to achieve sustained growth in the industrialized countries must be situated in a broader framework of global structural change, a pre-condition of which was increased aid to developing countries. For most of those countries, official development assistance was the only major source of aid. The deficit in the current account of non-oil-producing developing countries was likely to rise by more than 100 per cent in the period 1978-1981. Prior to 1978, the few developing countries which had met the required conditions had been able to obtain credits on commercial terms, thanks to a mechanism for recycling the surpluses of oil-producing countries. Those surpluses were now much larger and presented serious problems. It was important that the recycling mechanism should work satisfactorily. Countries which were most in need of loans must be able to obtain them, on terms within their reach, and to use them as much as possible to correct their balance-of-payments position and effect the necessary structural adjustments. However, the official assistance and private aid inflows on which the majority of those countries depended were diminishing. The recycling of surpluses and the granting of loans to developing countries on ordinary or concessional terms could not be managed by the commercial banks alone. International institutions such as the World Bank and IMF, OPEC and individual oil producers had a decisive role to play in that key area of international economic co-operation.

24. His country was glad to learn of the World Bank's programme to grant long-term loans for structural adjustments. However, it considered that the conditions of IMF lending were still too restrictive and did not provide any real remedy for the structural defects which were the cause of balance-of-payments problems. IMF should realize that developing countries needed its assistance and play the important role which devolved on it in the recycling of surpluses. It was essential that its conditions should be changed, but that could not be effected without a basic commitment by industrialized countries and oil-producing countries to a philosophy of massive aid to developing countries.

³ See ID/CONF.4/22 and Corr.1, chap. IV, sect. A.

25. He emphasized the importance of direct transfers of technology and investment to developing countries. The OPEC countries, with their financial resources, and the industrialized world with its technological know-how, could contribute decisively towards realizing the vast potential of non-oil-producing third world countries. The massive transfers which the latter countries needed could be effected as part of the strategy for the new international economic order.

26. Turning to problems of international trade, he welcomed the progress made on the Common Fund for Commodities, but emphasized that the measures adopted could have only a limited effect and that it was questionable whether the planned resources would be sufficient. His country was deeply concerned at the resurgence of protectionism and at the measures taken by industrialized countries against exports of critical significance to developing countries, at a time when emphasis was being placed on promoting those countries' industrialization and the international community was negotiating a comprehensive programme for eliminating all forms of unfair and unjust trade practices. It urged developed countries to minimize such measures, which ran counter to the spirit of the multilateral trade negotiations, and to adopt measures to stimulate industrial activity in developing countries.

27. It had become a commonplace to say that the energy situation was becoming increasingly critical. What needed to be made clear, however, was that the current crisis was not of a temporary nature. To secure adequate long-term oil supplies, it would be necessary to increase exploration, especially in the third world, and to develop alternative and cheaper energy sources. That was yet another field in which international co-operation could and should play a decisive role.

28. His country was greatly encouraged by the enthusiasm with which various countries and regions in the third world were implementing the concept and strategy of international co-operation. In that connexion, mention might be made of the second extraordinary session of the Assembly of Heads of State and Government of OAU, held recently at Lagos, and the meeting of Heads of State of southern Africa, which had been held at Lusaka. At those two meetings, important programmes of action had been adopted which would provide a basis for concrete and mutually beneficial collaboration in various priority areas of common interest.

29. Mr. GAYNOR (Ireland) said he whole-heartedly endorsed the statement made by the representative of Belgium on behalf of the States members of the European Economic Community (25th meeting).

30. The Council's current session was taking place at a critical moment, on the eve of the eleventh special session of the General Assembly and at the beginning of a new United Nations development decade. It was hardly surprising, therefore, that statements tended to reflect the hopes and aspirations of countries. All countries wanted to provide their people with the means of leading happy and productive lives in a safe and secure environment and to support individual and community efforts to realize the national potential. Throughout the world, countries now recognized the need to co-operate with each other. Looked at globally, co-operation implied both short-term and longer-term objectives. Even in times of crisis and strain, countries must not become preoccupied with their immediate problems and lose sight of ultimate goals. The Brandt Commission had rightly stressed in its recent report the interdependent nature of today's world. It was essential to continue the international dialogue in the economic and political spheres. The dialogue must be mutually beneficial and constructive and must never become a dialogue of the deaf.

31. The North-South dialogue, for all its difficulties, had been instrumental in creating the kind of environment in which all countries, developed and developing, could co-operate to that end. It was no use being discouraged by slow progress or by differences which inevitably surfaced because of countries' differing perspectives and approaches to problems. In the face of an uncertain economic future, it was more than ever essential that the dialogue between rich and poor should be continued and strengthened and should yield tangible results.

32. His Government deeply regretted that agreement had not yet been reached on the texts which would be submitted to the General Assembly at its eleventh special session. A new development strategy was needed for the coming decade, a strategy that promoted more rapid and balanced growth in developing countries, provided an environment in which the weaker economies could move progressively towards real and sustained growth, and permitted the restoration of the healthy global economy on which the future well-being of all peoples depended.

33. There was no easy solution to the problems underlying the serious current world economic outlook and it was not enough merely to mitigate the consequences. In spite of achievements, especially in bilateral and regional co-operation between developed and developing countries, the situation of many of the poorer countries had now become alarming. The slide into stagnation had already started as their growth prospects dwindled in the face of rising import costs and decreasing export opportunities. It was difficult to see how they could generate sufficient domestic savings or attract enough external finance for their investment needs. Apart from the economic consequences of the situation, the results in social and human terms were unacceptable. Needs were such that only a massive effort locally, backed up by greatly expanded external assistance, could avert disaster. His Government would study attentively the Secretary-General's proposals (24th meeting) concerning a programme of assistance for low-income countries, but it would also have to take account of its own economic problems.

34. The real solution to those problems surely lay in long-term action designed to set the poorer countries on the path to economic recovery and real self-sustaining growth. His own country, which concentrated efforts in its bilateral programme of development co-operation on agricultural and rural development in a number of priority countries, considered that that sector of the developing countries' economy should be given continued attention. The food needs of the developing countries were growing and food aid would continue to be an essential requirement. His country was therefore happy to contribute to the implementation of the new Food Aid Convention. It also looked forward to the successful replenishment of the resources of IFAD since, although food aid had a major role in the immediate future, it was not a long-term solution.

35. He regretted that the Committee of the Whole, at its recent session, had not been able to complete its work on the agenda and procedures for the forthcoming global negotiations. However, his country had not given up hope and would play its part in helping to bring about agreement with a view to launching global negotiations on the restructuring of international economic relations for the benefit of all countries. Such restructuring was essential to the prosperity of the world economy.

36. Mr. ALZAMORA (Permanent Secretary, Latin American Economic System), speaking under rule 79 of the rules of procedure, thanked Council members for permitting SELA to take part in the discussions as an observer. SELA, which had been established five years earlier, included nearly all the Latin American countries; it was thus the only

genuinely and exclusively Latin American authority and hence the legitimate mouthpiece of the Latin American region. Its activities were twofold: regional co-operation for the joint use of the resources and potential of all to ensure the region's independent development; and consultation and co-ordination with a view to the adoption by member countries of concerted positions which would give them more weight in negotiations.

37. The creation of SELA reflected Latin America's desire to affirm its own specific historical character; the small and medium-sized countries of which it was composed had realized that, while they remained separate, they were in a weak position internationally and that they must unite to make Latin America a power in the world. As a new organization with a wealth of new ideas, SELA had its own contribution to make to the restructuring of the international economic system — just as the African countries, which were also in the process of joining together, would doubtless be doing very soon.

38. The modern age was one of blocs; political and economic forces were all organized into alliances and the richest and most powerful countries were themselves forming common fronts to protect their interests, in particular vis-à-vis the third world. The third world was not itself a bloc; the Group of 77 was an inadequately structured alliance and the non-aligned countries had not yet managed to impart the same vigour to their economic activity as to their political activity. The third world needed to find more solid foundations for a combined effort to create an effective common front, starting on the basis of realities and of direct and specific interests, which were easier to organize and co-ordinate. In that perspective, the creation of active and cohesive regional economic organizations was an essential step in the fight for development and international justice. SELA would seem to meet those requirements. Latin America had long been exclusively outward-oriented, without realizing that its own resources and its own creative capacity could, if pooled, provide the motive force for its development. Today, the Latin American countries had come to realize that it was futile to conduct bilateral negotiations with the major Powers in order to obtain a few meagre benefits and that a regional market of nearly \$500 billion which would shortly comprise 600 million persons could strengthen the collective economic security sought by the region, as by the other regions in the developing world.

39. SELA was following with the greatest sympathy the steps being taken in Africa and Asia with a view to concerted regional economic action and the establishment of similar organizations, and it was ready to co-operate in every way possible in those efforts. It was already in contact with African, Arab and Asian economic organizations and with subregional economic groups. Some interesting programmes of co-operation were already being undertaken, the newest and most significant — which was also the first example of interregional interagency co-operation — being the field co-operation programmes in fishing which were shortly to be launched in Africa and were to be carried out jointly by SELA and ECWA. There again, co-operation among developing countries was moving from theory to practice in a series of promising undertakings. It was that same concern for practical collective undertakings, conducted in priority areas and likely to strengthen the self-reliance of the countries concerned, which inspired the activity of SELA in the area of interregional co-operation.

40. Thus, in the field of energy, the major oil producers of the region were now combining their efforts to guarantee oil supplies to the poorer countries on preferential terms, while at the regional level an energy restructuring was being

prepared whereby, in the major financial and technological effort which the region would be required to make in that field, priority would be given to promoting the region's own industrial, scientific and technical development. Similarly, financial co-operation had started. The first meeting of the ministers of finance and presidents of the central banks of Latin America, organized a short time previously by SELA, had, for the first time, provided the region with an independent body capable of analysing its own financial and monetary problems with a free hand, and had set up the first regional financial integration programmes. A regional investment programme had also been started as a joint response to the crucial problems posed by the industrialization of Latin America and its intraregional trade. The first Latin American multinational corporation, created by SELA for the joint marketing of fertilizers imported by the region, had already begun operations. With the same concern for joint action, powerful producers' associations were being established. Endowed with a sufficient capital reserve, they were obtaining appreciable results in the area of price stabilization. That was the case with the Bogotá Group, which included all the Latin American coffee-producing countries and, in close collaboration with the African producers, had established its own marketing company for the world market. Finally, the renegotiation on a new basis of the Treaty establishing the Latin American Free Trade Association lent fresh impetus to the process of integration and to regional co-operation programmes.

41. The countries of Latin America thus currently had a far greater capacity for independent action and decision-making, as was proved, *inter alia*, by the formulation of independent nuclear policies, their non-participation in political embargoes and their rejection of attempts at economic or other intervention. Those various efforts to foster rapprochement and conciliation in particularly important fields thwarted attempts to divide and cleared the way for unity. The establishment of regional economic organizations was particularly important in third world strategy at a time when the political climate in North-South relations was deteriorating. After the very recent setback to the preparatory work on the global negotiations, and the hardening of the position of the developed countries after their Venice Summit Meeting, the third world knew what to expect: the world was witnessing a radical transformation of the concept of international co-operation as it had been known since the Second World War. An approach based on responsibility and solidarity was giving way to a coldly pragmatic policy geared exclusively to the immediate benefits to be derived from bilateral relations and to purely financial and commercial considerations. In those conditions, there was a great danger of division between the developing countries, and they must strengthen their unity at the regional and interregional levels while there was still time.

42. It was ironic in those circumstances that the fate of the developing countries and the reform of the world economic system should depend to a large extent on other developing countries, the oil producers, and that the same appeals to solidarity formerly made by the latter in support of their claims should now be launched in the opposite direction. It would be a grave mistake for the oil-producing countries to succumb to the temptation of joining the closed circle of the old rich countries, in defiance of political and economic realities. Moreover, political precedents mattered. It was the Conference of Developing Countries on Raw Materials, held at Dakar in 1975, when all kinds of threats were being made against the oil front, which had dared to deal a blow to traditional economic relations, that four Latin American countries had proposed a joint strategy of mutual support between oil-producing and non-oil-producing developing

countries, a strategy which had thus far held firm against the whole world.

43. The size of the deficits accumulated by the developing countries required a recycling different from the traditional kind used under the current international financial system by the private or public institutions to which most oil revenues still gravitated. Furthermore, it was essential to use the bargaining power of the oil producers to promote the transformation of the existing economic order, in full awareness of the historic role which the oil-producing countries were called upon to play in that regard and in the knowledge that all the developing countries, with the oil front in the vanguard, had to struggle for a common future. If the countries of the third world had devoted to mutual co-operation the time, resources and energy which they had put into a still uncertain international co-operation, the world might look different, but there was still time. It was imperative not to stand idly by while old or new forms of egoism destroyed systems of international co-operation or permitted the re-establishment of systems of domination. On the contrary, it was essential to strengthen the position of the third world in negotiations and to develop a strategy based on interdependence, which would preserve international co-operation while gradually strengthening indepen-

dent decision-making capacity at the national, regional and interregional levels. That was the task which SELA was pursuing with all the means at its disposal.

44. Mr. PIN (Observer for Democratic Kampuchea), speaking in exercise of his right of reply, noted that the representative of Hungary had raised the question of the representativeness of the Democratic Kampuchea Government. The representative of Hungary had still less right to question the legitimacy of the delegation of Democratic Kampuchea inasmuch as his country was taking an active part in the war of aggression and racial extermination being waged in Democratic Kampuchea by Viet Nam, in defiance of the rules of international law and the fundamental principles of the Charter of the United Nations. For the Kampuchean people, as for the Afghan people and the fraternal African peoples, it was clear that the Hungarian delegation represented only aggressors and expansionists. It had sought to disturb the serenity of the Council's session and to legalize the Vietnamese invasion, but Democratic Kampuchea required neither the opinion nor the authorization of the Soviet Union or Hungary in order to attend the Council's discussions.

The meeting rose at 12.50 p.m.

30th meeting

Tuesday, 8 July 1980, at 3.25 p.m.

President: Mr. Andreas V. MAVROMMATIS (Cyprus).

E/1980/SR.30

AGENDA ITEM 3

General discussion of international economic and social policy, including regional and sectoral developments (continued)

1. Mr. INAN (Turkey) said that on the eve of the eleventh special session of the General Assembly, at which the international community would have to decide on the new international development strategy and the global negotiations, it was important to draw the necessary lessons from the past decade. In those 10 years, the Western economies appeared to have been caught in a vicious circle. Widespread inflation, whose causes were structural but which was also accelerated by sharp rises in oil prices, accompanied by stagnation and weak industrial investment, due to many factors, both internal, such as excessive uncertainty surrounding investment decisions, poor distribution of resources and declining capital yields, and international, such as the extension of protectionism and instability of currency markets, had all had a harmful impact on the productivity of labour, making it still more difficult to combat inflation. The "stop-go" policies applied had not succeeded in controlling inflation, inadequate growth, unemployment, and trade and monetary problems. Protectionist practices had done no better.

2. The developing countries, especially the oil-importing developing countries, were themselves caught in another vicious circle. They no longer accepted that their development should be a mere by-product of the growth of the industrialized countries. Economic development, however, was possible only with rapid industrialization. As the

industrial sector was strongly affected by outside influences, the industrialization effort of the oil-importing developing countries had resulted only in the sharp deterioration of their balance of payments and a considerable rise in their debt, which had led, particularly in recent years, to a general cut-back in development programmes.

3. Turkey was a significant case in point. Despite the international crisis, Turkey had for years endeavoured to maintain a growth rate of about 7 per cent per year, but the effects of higher prices of imported manufactures and the recession in the industrialized countries had compounded the considerable difficulties created by the rising oil bill, with the result that the growth rate of the GDP had steadily declined. It had amounted to only one per cent in 1979, whereas at the same time the population growth rate remained high. In countries such as Turkey, where the burden of the world economic crisis had fallen most heavily, the industrialization effort had produced results contrary to those desired; the country's economy remained technologically dependent, financially fragile and commercially unstable. As for the so-called basic needs strategy, which was aimed primarily towards agricultural development and social equilibrium, it could not replace industrialization but should go hand in hand with economic growth.

4. For the international economy to work better, it was above all necessary for structural changes to take place not only in the developing countries but also in the developed countries and in the economic relations between the two groups. A radical reform of the rules of world trade was necessary. With regard to commodities, stability should be ensured and marketing and distribution channels improved. In order to solve the particularly severe oil problems, it was